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WHEAT PRICES

1927-28



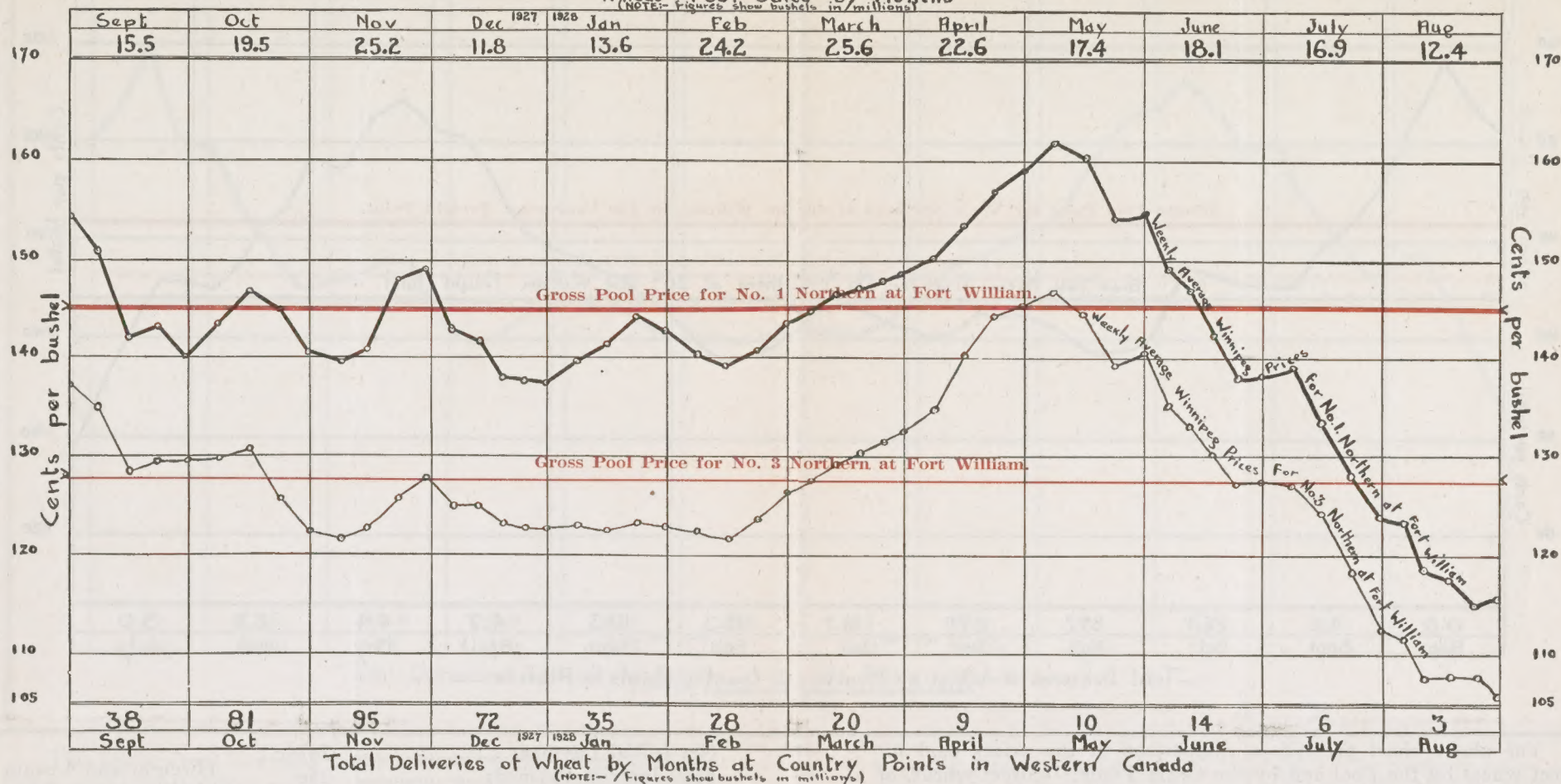
The Pool and The Grain Trade



COMPARISON OF WHEAT POOL AND GRAIN EXCHANGE PRICES - 1927-28.

Wheat Pool Sales by Months

(NOTE: figures show bushels in millions)



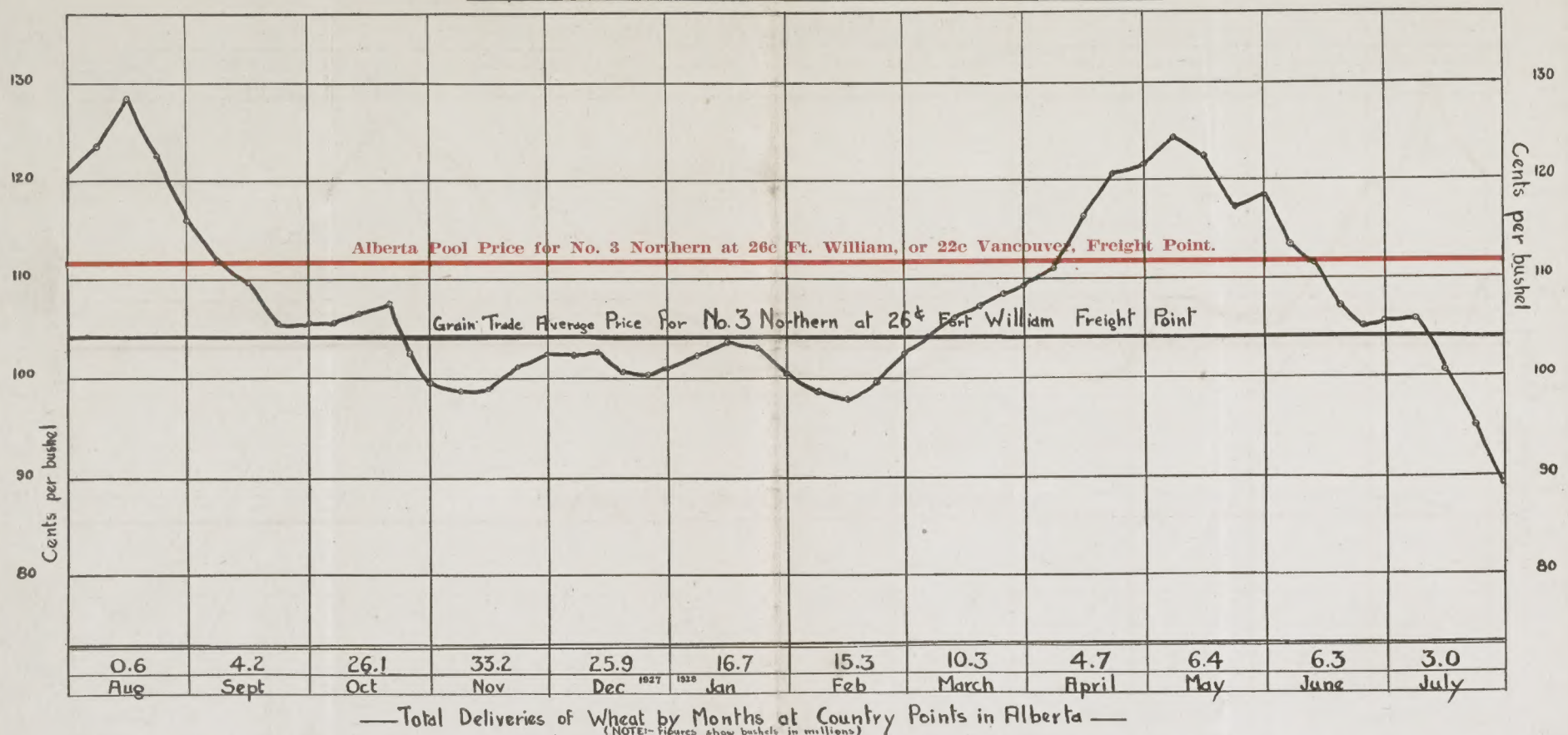
The above chart presents a comparison of Pool and open market wheat prices. The two black curves represent the Winnipeg weekly average closing cash prices, basis Fort William, for No. 1 and No. 3 Northern. The two red lines represent the gross price received by the Pool Central Selling Agency, basis Fort William, for No. 1 and No. 3 Northern.

The Pool gross price is obtained by adding $2\frac{3}{4}$ cents to the net price—\$1.42 $\frac{1}{4}$ and \$1.25 $\frac{1}{4}$ for No. 1 and No. 3 Northern respectively—paid by Central to the Provincial Pools. The actual cash outlay by Central for interest, storage, administration, and operating expenses was $2\frac{3}{4}$ cents per bushel.

Sales of wheat by the Canadian Pool are given in millions of bushels by months at the top of the chart. The total deliveries of wheat at country points in Western Canada are given in round millions of bushels by months at the bottom of the chart.

As the chart clearly shows, the open market price was materially lower than the Pool price during practically the entire period of heavy country deliveries. From October 21st, 1927, to March 2nd, 1928—during which period the open market price was considerably lower than the Pool price—289,000,000 bushels of wheat, or 70 per cent. of the total deliveries during the entire crop year, were delivered at country points. The relatively light sales by the Pool during this period of low prices explains in large measure the fact—clearly shown by the chart—that Pool members received considerably more than the average price received by non-Pool farmers. During the greater part of the period March to June—when the open market price was above the Pool price—deliveries were only 44,000,000 bushels, or 10.2% of the total deliveries, while Pool sales during the same period were 70,000,000 bushels, or 33% of the Pool's total receipts for the crop year.

Comparison of Alberta Pool and Non-Pool Prices of Street Wheat - 1927-28



The above chart presents a comparison of the prices paid for street wheat by the Pool and by the Grain Trade. (Street wheat, or wheat sold in wagon-load lots comprises approximately 50 per cent. of all non-Pool wheat.)

The black curve represents the weekly average price paid for non-Pool No. 3 Northern street wheat at a 26c Fort William freight rate point. The figures are taken from the daily price-lists used by practically all private grain companies in Alberta—the lists issued by the Western Grain Dealers' Association, of the Calgary Grain Exchange.

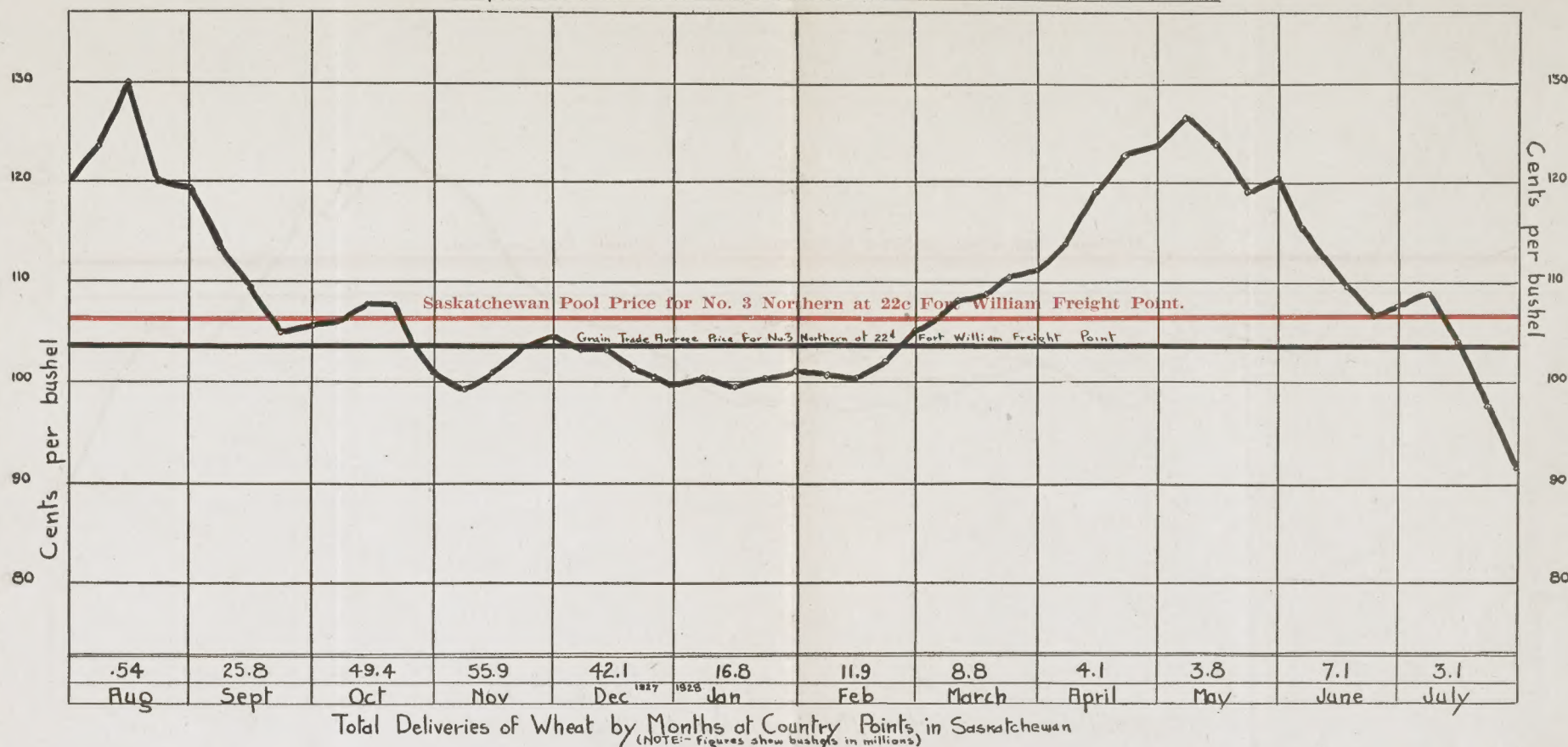
The red line shows the net price paid to Pool members who delivered No. 3 Northern street wheat to Pool elevators at a 22c Vancouver freight rate point. All non-Pool street wheat is bought by the Grain Trade on the basis of Fort William freight rates; whereas all Alberta Pool wheat is paid for on the basis of Vancouver freight rates. As the Grain Trade street wheat prices are issued on the basis of the average Fort William freight rate of 26c per cwt.; we are quoting strictly comparable Pool prices based on the corresponding average Vancouver freight rate of 22c per cwt. The net price of \$1.11 3/10 is made up as follows:

Net Initial Payment	74½c	(Freight and 4 cents handling charge have been deducted.)
First Interim Payment	15c	
Second Interim Payment.....	12c	
Final Payment.....	2¾c	
Elevator Reserve Deduction	2c	} Credited to grower, and upon which he receives interest.
Commercial Reserve Deduction	1 1/20c	
Pool Elevator Patronage Dividend..	4c	
\$1.11 3/10		

Members living at a point with a lower or higher freight rate received a proportionate price.

The straight black line shows the average price paid for non-Pool No. 3 Northern street wheat at a 26c freight rate point. This is a true (or weighted) average obtained by taking the volume of wheat delivered in Alberta during each of the fifty-two weeks and multiplying it by the average weekly price given in the Western Grain Dealers' price-lists for the corresponding week, adding the fifty-two values thus obtained and dividing the total value by the total deliveries.

Comparison of Saskatchewan Pool & Non-Pool Prices for Street Wheat—1927-28.



Total Deliveries of Wheat by Months at Country Points in Saskatchewan
(NOTE:—Figures show bushels in millions)

The above chart presents a comparison of the prices paid for street wheat by the Pool and by the Grain Trade. (Street wheat, or wheat sold in wagon-load lots comprises approximately 50 per cent. of all non-Pool wheat.)

The black curve represents the weekly average price paid for non-Pool No. 3 Northern street wheat at a 22c Fort William freight rate point. The figures are taken from the daily price-lists used by practically all private grain companies in Saskatchewan—the lists issued by the North-West Grain Dealers' Association, of the Winnipeg Grain Exchange.

The red line shows the net price paid to Pool members who delivered No. 3 Northern street wheat to Pool elevators at a 22c freight rate point. The net price of \$1.06 3/10 is made up as follows:—

Net Initial Payment	74½c	(Freight, carrying,
First Interim Payment	15c	operating and hand-
Second Interim Payment	11 3/10c	ling charges have
Final Payment	2¼c	been deducted.)

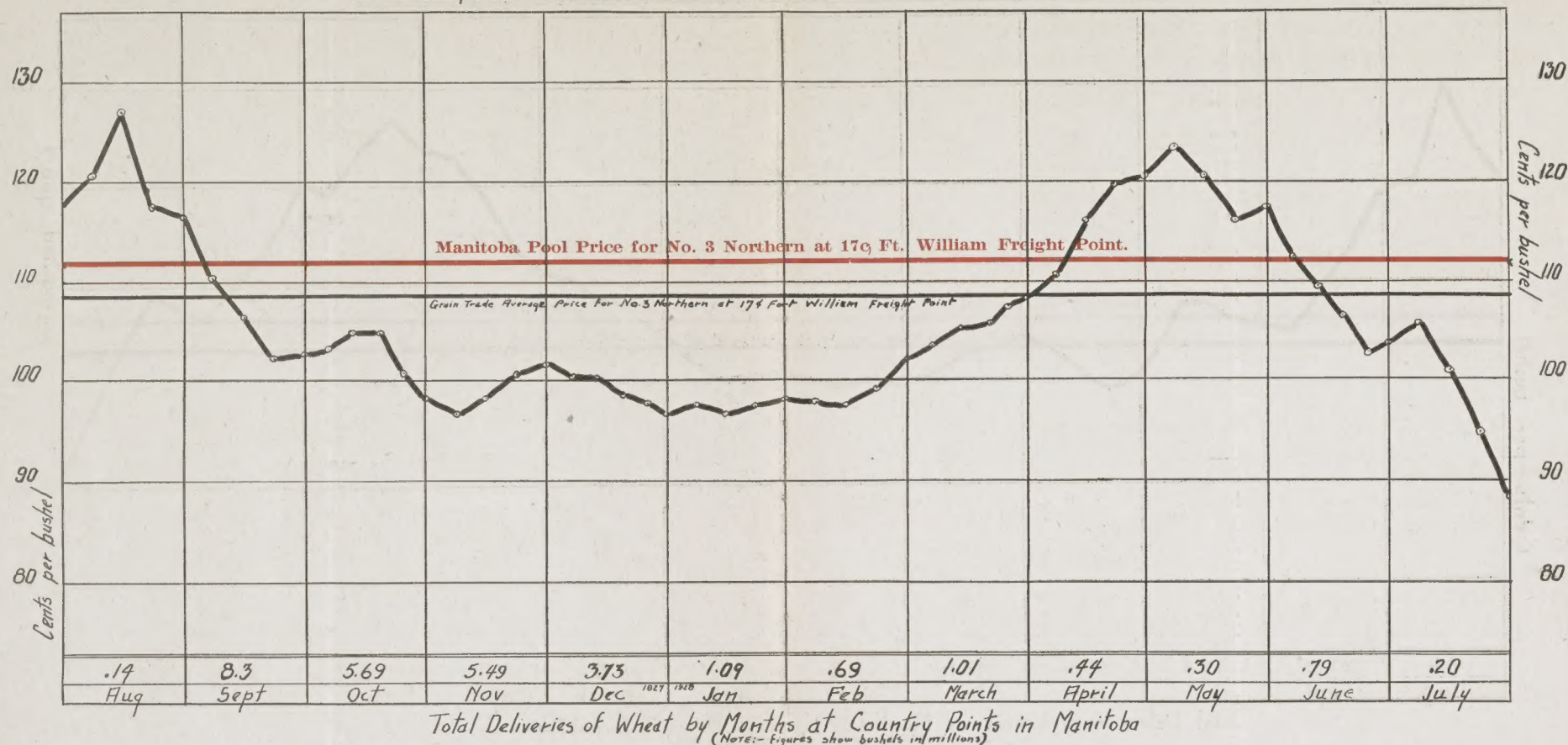
Elevator Reserve Deduction	2c	} Credited to grower, and upon which he receives in- terest.
Commercial Reserve Deduction	1 1/5c	
\$1.06 3/10c		

NOTE—Attention is drawn to the fact that the Pool price for No. 3 Northern itemized above does NOT include the Pool Elevator Patronage Dividend, as the dividend for the 1927-28 crop has not yet been declared. In 1926-27 it was 1½ cents per bushel. The dividend should be added to the Pool price of \$1.06 3/10 indicated by the red line above, to make the Pool price comparable with the Grain Trade price of \$1.03 9/10 indicated by the black line above.

Members living at a point with a lower or higher freight rate received a proportionate price.

The straight black line shows the average price paid for non-Pool No. 3 Northern street wheat at a 22c freight rate point. This is a true (or weighted) average obtained by taking the volume of wheat delivered in Saskatchewan during each of the fifty-two weeks and multiplying it by the average weekly price given in the North-West Grain Dealers' price-lists for the corresponding week, adding the fifty-two values thus obtained and dividing the total value by the total deliveries.

Comparison of Manitoba Pool and Non-Pool Prices for Street Wheat - 1927-28



The above chart presents a comparison of the prices paid for street wheat by the Pool and by the Grain Trade. (Street wheat, or wheat sold in wagon-load lots comprises approximately 50 per cent. of all non-Pool wheat.)

The black curve represents the weekly average price paid for non-Pool No. 3 Northern street wheat at a 17c Fort William freight rate point. The figures are taken from the daily price-lists used by practically all private grain companies in Manitoba—the lists issued by the North-West Grain Dealers' Association, of the Winnipeg Grain Exchange.

The red line shows the net price paid to Pool members who delivered No. 3 Northern street wheat to Pool elevators at a 17c freight rate point. The net price of \$1.11¾ is made up as follows:—

Net Initial Payment	79.5c	(Freight and 2.3
First Interim Payment	15.c	cents handling
Second Interim Payment	11.27c	charge have been de-
Final Payment	2.75c	ducted.)

Elevator Reserve Deduction	2.c	} Credited to grower.
Commercial Reserve Deduction	1.23c	

\$1.11¾

Members living at a point with a lower or higher freight rate received a proportionate price.

The straight black line shows the average price paid for non-Pool No. 3 Northern street wheat at a 17c freight rate point. This is a true (or weighted) average obtained by taking the volume of wheat delivered in Manitoba during each of the fifty-two weeks and multiplying it by the average weekly price given in the North-West Grain Dealers' price-lists for the corresponding week, adding the fifty-two values thus obtained and dividing the total value by the total deliveries.

POOL AND GRAIN TRADE STREET WHEAT PRICES.

TABLE I.—CROP YEAR 1927-28.

ALBERTA—Basis 26c Ft. William, or 22c Vancouver, freight point.

Grade—	Column I Weighted Average Grain Trade Price.	Column II Pool Price (Including 4c Pool Elevator Div.)	Column III Pool Margin above Grain Trade
No. 1 Northern	\$1.18¾	\$1.28 3/10	9½c
No. 2 Northern	1.13½	1.21 4/5	8 3/10c
No. 3 Northern	1.03½	1.11 3/10	7 4/5c
No. 4	.92 3/5	.99 4/5	7 1/5c
No. 5	.80 7/10	.86 3/10	5 3/5c
No. 6	.70 2/5	.77 4/5	7 2/5c
Feed	.63 1/5	.70 3/10	7 1/10c

SASKATCHEWAN—Basis 22c Ft. William freight point.

(Excluding Elev. Patronage Div.)

No. 1 Northern	\$1.20 1/5	\$1.23 3/10	3 1/10c
No. 2 Northern	1.14 2/5	1.16 2/5	2 2/5c
No. 3 Northern	1.03 9/10	1.06 3/10	2 2/5c
No. 4	.93	.95 4/5	2 4/5c
No. 5	.81	.82 3/10	1 3/10c
No. 6	.70 4/5	.73 4/5	3c
Feed	.62½	.66 3/10	3 4/5c

MANITOBA—Basis 17c Ft. William freight point.

No. 1 Northern	\$1.23 3/10	\$1.28 3/4	5 9/20
No. 2 Northern	1.18 1/10	1.22 6/25	4 1/10
No. 3 Northern	1.08 9/10	1.11 3/4	2 6/10
No. 4	.97 3/5	1.01 6/25	3 6/10
No. 5	.84 9/10	.87 79/100	2 5/10
No. 6	.74 1/4	.79 19/100	4 9/10
Feed	.65 3/5	.71 3/4	6 1/10

The figures in Column I, are true averages of prices paid by the Grain Trade for street wheat. The prices are arrived at in identically the same manner as explained above in connection with the Western and North-West Grain Dealers' average prices for No. 3 Northern which is shown by the black lines on the three street wheat charts.

The figures in Column II, are the actual values received by Pool members for street wheat delivered to Pool elevators, and are made up in identically the same manner as explained above in connection with the Pool prices for No. 3 Northern, shown by the red lines on the street wheat charts.

The Western Grain Dealers' average discounts under straight No. 1 Northern for Tough, Rejected and Smutty No. 1 Northern wheat were 8 3/5c, 15½c, and 17 3/5c per bushel respectively. The corresponding Pool discounts were—3½ cents on Tough and 8½ cents on Rejected. The Pool average discounts for "Tough," "Rejected" and "Smutty" under straight grade, for grades No. 1 Northern to Feed were 4.5c, 6.8c, and 8c respectively.

The North-West Grain Dealers' discount for No. 1 Amber Durum under No. 1 Northern was 11¼ cents, while the corresponding Pool discount was 7 cents. The North-West Grain Dealers' average discount for Tough No. 1, 2 and 3 Northern under straight grade was 7 cents, while the corresponding Pool discount was 5 1/6 cents. The North-West Grain Dealers' average discount for Tough on grades lower than No. 3 Northern was 6 1/5 cents, while the corresponding Pool discount was 4 1/10 cents.

The high margins in the Pool's favor shown here are typical of the margins between Pool and Grain Trade street prices for many other grades. On tough wheat alone, non-Pool farmers lost a sum running into millions of dollars, as approximately 180,000,000 bushels of the 1927-28 wheat crop was classified "No Grade," due to excessive moisture; and as shown above the Pool's discount for all tough wheat was from two to four cents per bushel less than the Grain Trade's discount for tough street wheat.

TABLE II.—CROP YEARS 1923-24 TO 1927-28

	1923-24	1924-25	1925-26	1926-27		1927-28	
	No. 1 Nor.	No. 1 Nor.	No. 1 Nor.	No. 1 Nor.	No. 3 Nor.	No. 1 Nor.	No. 3 Nor.
Alberta Pool Price	\$0.79 3/5	\$1.46	\$1.25 1/8	\$1.23 1/8	\$1.12 1/8	\$1.28 3/10	\$1.11 3/10
Grain Trade Price	0.74 ½	1.43 3/4	1.19 %	1.17 %	1.07 4/5	1.18 %	1.03 ½

The figures in Table II, showing comparative Pool and Grain Trade street wheat prices over a period of five years, were arrived at in the manner already described. They account for the remarkable increase in membership of the Canadian Wheat Pools during the past year, and indicate the ever-increasing cash toll paid to the private grain trade by the non-Pool farmers of Western Canada.

POOL AND NON-POOL CONSIGNED WHEAT PRICES

The only way to find out exactly how much non-Pool farmers received for consigned, or carload wheat would be for the grain dealers to publish the actual prices they paid for it. To date the Trade has not seen fit to publish this information, although farmers would like these figures to compare them with the prices paid by the Pool. The Trade has this information, of course, and while we cannot be sure of their reasons for withholding it, we can form our own conclusions. We respectfully suggest to the Grain trade that such information would be more enlightening than anonymous misleading advertisements.

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Until the Trade publishes the prices paid for non-Pool consigned wheat, we have to be satisfied with a close estimate. We do not know when all consigned wheat is sold, as some of it is sold at the country elevator, some on track and on its way to the terminal, and some after it reaches the terminal. It is generally agreed, however, that most farmers have sold their consigned grain by the time it reaches the terminal. Consequently, the fairest estimate of the average price paid for non-Pool consigned wheat is obtained by weighting the Winnipeg weekly average cash prices by weekly receipts at the Head of the Lakes. By use of this method, the following estimated Grain Trade average prices were obtained. The Pool prices, basis Fort William, are given as a comparison.

	1923-24	1924-25	1925-26	1926-27	1927-28	
	No. 1 Nor.	No. 1 Nor.	No. 1 Nor.	No. 1 Nor.	No. 1 Nor.	No. 3 Nor.
Non-Pool Consigned Wheat Average Price	\$1.00	\$1.65 4/5	\$1.43	\$1.43 1/2	\$1.43 3/5	\$1.22 1/5
Gross Pool Price	1.02	1.68 3/4	1.47 3/4	1.44 3/4	1.45	1.28